

House District Statewide
Senate District Statewide

THE TWENTY-SEVENTH LEGISLATURE
APPLICATION FOR GRANTS AND SUBSIDIES
CHAPTER 42F, HAWAII REVISED STATUTES

Log No:

For Legislature's Use Only

Type of Grant or Subsidy Request:

- GRANT REQUEST - OPERATING GRANT REQUEST - CAPITAL SUBSIDY REQUEST

"Grant" means an award of state funds by the legislature, by an appropriation to a specified recipient, to support the activities of the recipient and permit the community to benefit from those activities.

"Subsidy" means an award of state funds by the legislature, by an appropriation to a recipient specified in the appropriation, to reduce the costs incurred by the organization or individual in providing a service available to some or all members of the public.

"Recipient" means any organization or person receiving a grant or subsidy.

STATE DEPARTMENT OR AGENCY RELATED TO THIS REQUEST (LEAVE BLANK IF UNKNOWN): DLNR - DOCARE

STATE PROGRAM I.D. NO. (LEAVE BLANK IF UNKNOWN): _____

1. APPLICANT INFORMATION:

Legal Name of Requesting Organization or Individual:
Pacific Shipyards International, LLC
Db/a:
Street Address: Pier 41 Honolulu Harbor
Mailing Address: PO Box 31328, Honolulu, HI 96820

2. CONTACT PERSON FOR MATTERS INVOLVING THIS APPLICATION:

Name ANN CHUNG
Title Director of Special Projects
Phone # 808-351-6000
Fax # 808-523-7668
e-mail achung@navatekltd.com

3. TYPE OF BUSINESS ENTITY:

- NON PROFIT CORPORATION
 FOR PROFIT CORPORATION
 LIMITED LIABILITY COMPANY
 SOLE PROPRIETORSHIP/INDIVIDUAL

6. DESCRIPTIVE TITLE OF APPLICANT'S REQUEST:

Provide the DLNR with the appropriate long range enforcement craft which can also serve as an offshore command post, that will provide quick and safe equipment and personnel transfer between the rough waters of the Hawaiian Islands. For example, this craft will enable DLNR to provide the necessary law enforcement presence, traverse the rough waters, and resolve current disputes between Ni'ihau residents and visiting fishermen.

X DLNR support letter included.

4. FEDERAL TAX ID #: _____
5. STATE TAX ID #: _____

7. AMOUNT OF STATE FUNDS REQUESTED:

FISCAL YEAR 2015: \$ \$496,865.30

8. STATUS OF SERVICE DESCRIBED IN THIS REQUEST:

- NEW SERVICE (PRESENTLY DOES NOT EXIST)
 EXISTING SERVICE (PRESENTLY IN OPERATION)

SPECIFY THE AMOUNT BY SOURCES OF FUNDS AVAILABLE AT THE TIME OF THIS REQUEST:

STATE \$ _____
FEDERAL \$ _____
COUNTY \$ _____
PRIVATE/OTHER \$ _____

TYPED REPRESENTATIVE: _____

AUTHORIZED SIGNATURE

Gene Fukushima, Naval Architect/Chief Estimator

NAME & TITLE

1/30/14
DATE SIGNED

Application for Grants and Subsidies

If any item is not applicable to the request, the applicant should enter "not applicable".

I. Background and Summary

This section shall clearly and concisely summarize and highlight the contents of the request in such a way as to provide the State Legislature with a broad understanding of the request. Include the following:

1. A brief description of the applicant's background

Pacific Shipyards International (PSI) was founded in 1944 and operates out of Pier 41 in Honolulu, Hawaii. PSI is a subsidiary of kama'aina company Pacific Marine, founded in 1944, with 450 employees. PSI is the State's largest commercial ship repair company equipped with two floating dry docks, a 3,600 sq. ft. machine shop, a 4,000 sq. ft. fabrication area, a 80,000 sq. ft. laydown yard, and other industrial machinery.

For the last 60 years, PSI has professionally serviced and maintained vessels for a variety of commercial, government, military, and private clients. Its wide array of industrial tools and machinery provide the capabilities and experience necessary to complete complex projects. PSI employs a staff of local engineers, mechanics, welders, laminators, boat builders, and USCG licensed captains who have spent numerous hours operating vessels in Hawaiian waters. This unique combination of high-tech facilities and experienced personnel makes it possible for Pacific Shipyards International to conduct the proposed Department of Land and Natural Resources (DLNR) Bladerunner 51 long range enforcement craft/offshore command post pilot program (see Bladerunner 51 RIB Specification Sheet Following this section).

2. The goals and objectives related to the request

- i. Provide the DLNR with a long range enforcement craft/offshore command post that can provide quick and safe equipment and personnel transfer, from Kauai to Ni'ihau, to help settle disputes between Ni'ihau residents and visiting fishermen.
- ii. Design the vessel modifications required to convert PSI's Bladerunner 51 vessel into a long range enforcement craft/offshore command post.
- iii. Retrofit the Bladerunner 51 with a vessel launch and recovery system, capable of deploying and retrieving two personal watercrafts (PWC).
- iv. Conduct test missions with the DLNR to evaluate the capabilities of the modified Bladerunner 51.

- v. Station the modified Bladerunner 51 at an advantageous location on Kauai to provide the DLNR with fast response capabilities to Ni'ihau coastal waters.

3. The public purpose and need to be served

Hawaii's coastal waters and shorelines are a key part of its unique set of natural resources. These natural resources are an integral part of the tourism industry in Hawaii and are also an important part of the State's history, culture, economy and lifestyle. It is important to monitor and preserve these natural resources, especially as the State's population and tourism industries grow. As the main islands (Oahu, Maui, Kauai, and Hawaii) continue to develop, their residents and tourists attempt to search for remote, untouched locations. These remote locales are often challenging to get to and they are sometimes guarded by tight knit local communities. Tense situations often arise in these remote, pristine areas in Hawaii due to disputes between locals and visitors. It is the responsibility of the DLNR to monitor, preserve, and enforce the State's current legislation on the usage of these publicly accessible natural resources.

Many of the remote areas on the outer islands are out of the DLNR's reach due to lack of seakeeping capabilities of its current enforcement craft. As conflict occurrences increase between the residents, tourists, recreational/commercial entities, wildlife and other ocean users, an increased presence by the DLNR is required. The combination of growing conflicts, variable weather conditions and access to remote locations, like Ni'ihau, inhibit the DLNR's ability to enforce current State of Hawaii legislation and preserve these areas.

DLNR's reach, coverage and enforcement capabilities could be drastically improved with an offshore response vessel capable of transporting crew and equipment to remote locations. This vessel needs to have long range capabilities to provide the DLNR access to all of the Hawaiian Islands. Utilizing this vessel, the DLNR can transport senior staff and support to remote neighboring island locations to make real time decisions that resolve issues without relying on extraordinary crisis response. This will ultimately aid in improving the well-being and the safety of the people of Hawaii. The vessel will create a law enforcement presence spanning coastal waters and shorelines, supporting the State's current legislation on public land/ocean usage, and thus preserving Hawaii's natural resources for current and future generations.

PSI proposes to create a long range enforcement craft/offshore command post by modifying its Bladerunner 51 vessel to meet DLNR's requirements. PSI will work collaboratively with the DLNR in order to provide the State of Hawaii with 1) Extended reach and coverage for DLNR's enforcement branch, 2) Safe transportation for DLNR personnel and equipment to remote locations, even in severe weather conditions, 3) Enhanced public safety and improved natural resource preservation, and 4) DLNR fast response capabilities between Kauai and Ni'ihau to help settle disputes between visiting fishermen and Ni'ihau residents.



Bladerunner 51 RIB Specification Sheet
Diesel Offshore Rigid Hull Inflatable



PERFORMANCE:

2 x 480HP Diesels and 1 x 1000HP Diesel +50 kts
Cruise Speed 40 kts
Range at Cruise 500+ Nautical Miles (Depending on Fuel Capacity and Power)

GENERAL DIMENSIONS:

Length Overall 51' 4" (15.6 m)
Beam Overall 16' (4.88 m)
Draft 4' 5" (1.65 m)
Maximum Displacement 40,000 lbs (18,145 kg)

CONSTRUCTION:

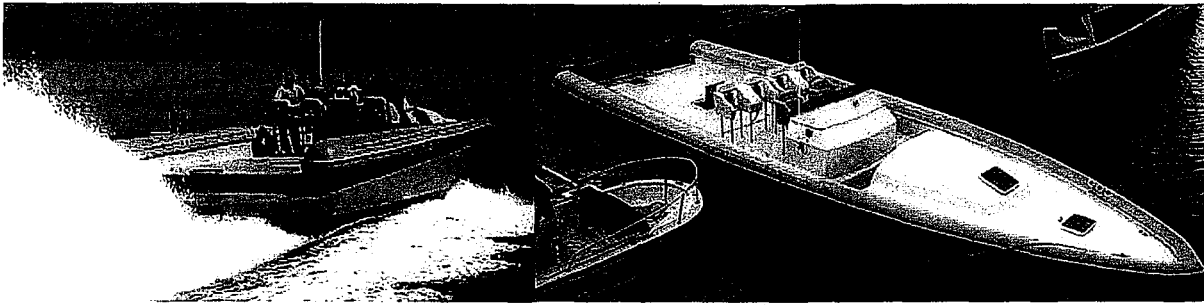
HullComposite: Vinylester, S-glass, Carbon Fiber Reinforcing
DeckComposite: Vinylester, S-glass, Foam Core, Carbon Fiber Reinforcing
Optional Materials: Epoxy Resin. Cored Hulls

PROPULSION AND AUXILIARIES:

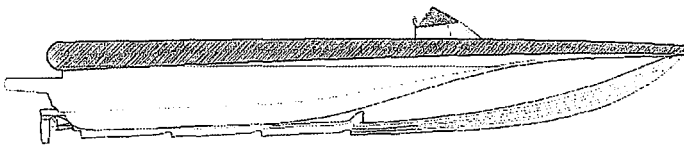
Main Engines 2 x 480HP Yanmars and 1 x 1000HP Caterpillar
Drives Arneson Surface Drives

TANK CAPACITIES:

Fuel 900 U.S. Gallons



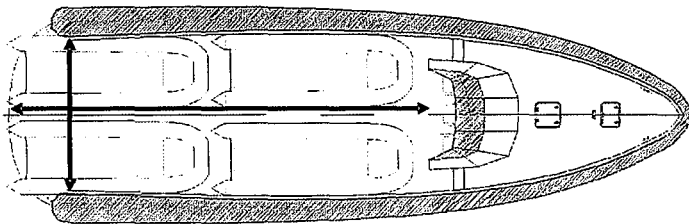
OPTIONAL LAYOUTS:



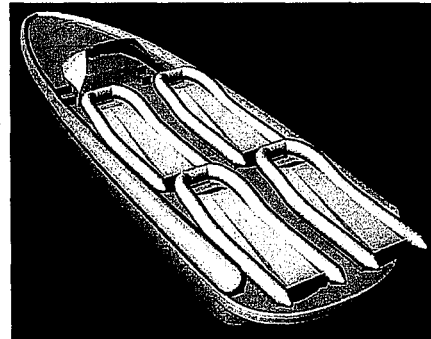
BR51 Open Deck
Suitable for Multiple
Arrangements



BR51 – USV Mother Ship
Carries 4 x 5 meter USVs
on Deck



Open Deck = 11'+ wide and 30' long
Allows Easy Launch and Recovery



4. Describe the target population to be served; and

The target population to be served includes:

Primary: Fishermen travelling to coastal waters and shorelines off the island of Ni'ihau and Ni'ihau residents.

Secondary: State of Hawaii residents and tourists using coastal waters and shorelines in various locations around the State.

5. Describe the geographic coverage.

Based on preliminary discussions with DLNR, the primary geographical areas covered by this project will be the coastal waters and shorelines of Ni'ihau and Kauai. This project could also provide coverage to other coastal regions and shorelines around the State.

II. Service Summary and Outcomes

The Service Summary shall include a detailed discussion of the applicant's approach to the request. The applicant shall clearly and concisely specify the results, outcomes, and measures of effectiveness from this request. The applicant shall:

1. Describe the scope of work, tasks and responsibilities

The scope of work, tasks and responsibilities include: Working collaboratively with the DLNR to design the modifications to convert the Bladerunner 51 into a long range enforcement craft/offshore command post, modifying the Bladerunner 51 at PSI's Honolulu, Hawaii facilities, conducting test missions with the DLNR in the Bladerunner 51, and stationing the modified Bladerunner 51 in a DLNR selected location in the State of Hawaii to provide fast response capability.

a. Work collaboratively with the DLNR to design the ideal long range enforcement craft/offshore command post

The Bladerunner 51 (Figure 1 below) will require a few significant modifications in order to become a viable long range enforcement craft/offshore command post for the DLNR. Two major modifications to the vessel have already been discussed with DLNR officials. These modifications include 1) Retrofitting a PWC launch and recovery system to the aft portion of the deck 2) Reconfiguring the deck to increase storage space and improve habitability for DLNR personnel. The following is a description of the two major modifications and work tasks necessary to complete the project.

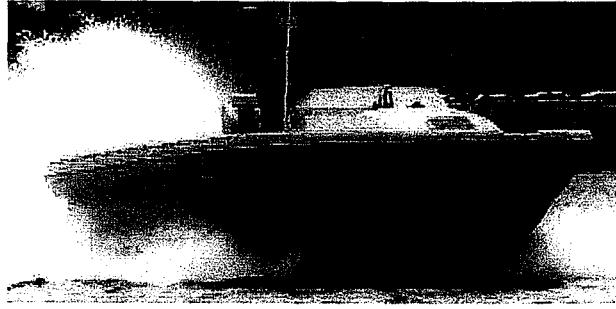


Figure 1: Bladerunner 51 High Speed Vessel

- **PWC Launch and Recovery System:** The aft portion of the deck will be retrofitted with a PWC launch and recovery system (see Figure 2 below). This system will be designed by PSI and will incorporate a winch, inflatable sled, and a rail system to launch and recover PWC's.

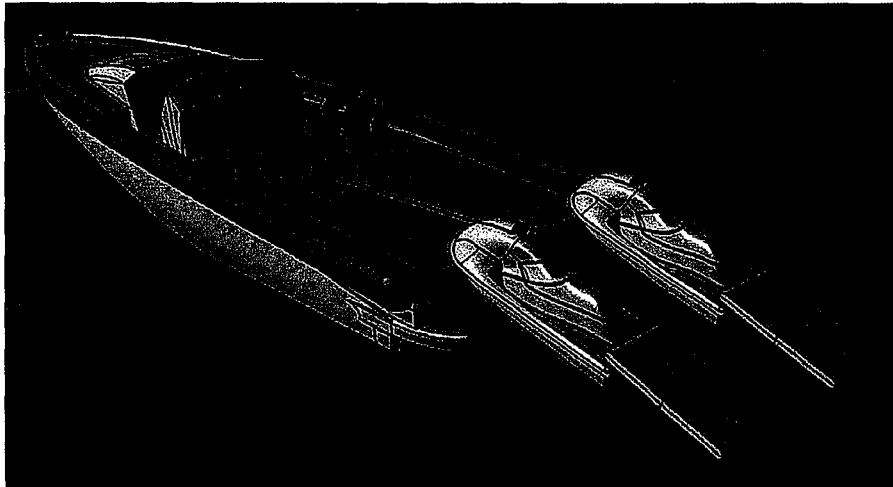


Figure 2: Proposed PWC Launch and Recovery System

- **Deck Reconfiguration:** The Bladerunner 51 will be reconfigured to allow for more storage space for DLNR personnel and equipment. The forward section of the deck will be reconfigured to incorporate storage lockers, underdeck storage space, head space, and an on deck workstation.

b. Modify the Bladerunner 51 at PSI's Pier 41 facility

Once the vessel design and plans are complete, the Bladerunner 51 modifications will begin at the PSI shipyard facility in Honolulu, Hawaii. The vessel will be modified using the designs derived from preceding steps. A detailed set of schedule milestones will be used to monitor the progress of the modifications.

c. Conduct simulated missions collaboratively with the DLNR to test the Bladerunner 51 Long Range Enforcement Craft/Offshore Command Post

After the vessel modifications are complete, the DLNR and PSI will conduct simulated test missions to evaluate its operational capabilities. This step will be used to validate the modifications and train the DLNR operators how to safely drive the vessel.

d. Station the Bladerunner 51 at a DLNR selected location in the State of Hawaii

Once the vessel modifications and testing are complete, the DLNR will determine the best location to station the Bladerunner 51 long range enforcement craft/offshore command post. PSI will supply maintenance and operational support for the vessel while it is located in the port of interest. Per our discussion with DLNR, this selected port will likely be on Kauai due to its close proximity to Ni'ihau.

e. Program Management:

PSI will provide program management, which includes overall direction, design reviews, modification supervision, scheduling, DLNR coordination, simulated mission testing, contracting support, reporting, vessel maintenance, lease agreements, budget supervision, and other programmatic.

2. Provide a projected annual timeline for accomplishing the results or outcomes of the service

The project work will commence upon award and continue for 12 months. The following timeline provides the details of the proposed schedule.

Task	Description	Months After Award											
		1	2	3	4	5	6	7	8	9	10	11	12
1	Vessel Design Mods	█	█										
2	Vessel Retrofit			█	█	█	█						
3	Vessel Testing							█	█	█			
4	Outer Island Missions										█	█	█
5	Program Management	█	█	█	█	█	█	█	█	█	█	█	█

3. Describe its quality assurance and evaluation plans for the request. Specify how the applicant plans to monitor, evaluate, and improve their results; and

a. Apply lessons learned from past experience.

PSI has a long history of ship maintenance, ship repair and vessel reconstruction for commercial, government and military clients. Here are some of the relevant projects recently completed: Partnering with Lockheed Martin to construct the high speed SLICE vessel, refinishing the USS Missouri Battleship, and completing the annual service for the inter-island "super ferry". By applying the lessons learned from these complex projects, PSI will ensure that the Bladerunner 51 modification is completed effectively, accurately and efficiently.

b. Create a detailed set of construction plans and milestone schedule.

A detailed set of plans and an associated construction schedule will be created to guide PSI through the modification process.

c. Conduct a series of test missions outlined by the DLNR to evaluate the performance and application of the modified vessel.

After the vessel modification is completed, a series of test missions will be performed on Oahu by the DLNR to ensure that the boat is operational and ready for service. These test missions will serve to evaluate the modifications and help to familiarize DLNR employees with the vessel and its operational capabilities.

d. Station the Bladerunner 51 vessel at a location selected by DLNR.

The vessel will be located at an outer island harbor selected by DLNR. In order to ensure successful missions, a qualified PSI employee will be stationed at this location for the duration of its stay to assist with maintenance and operations.

e. DLNR agents operating the Bladerunner 51 must be licensed captains.

In order to ensure safety and operational proficiency, only DLNR USCG licensed captains will be allowed to operate the vessel. This will ensure that they have the requisite skills and knowledge to safely drive, handle, and maneuver the vessel.

- 4. List the measure(s) of effectiveness that will be reported to the State agency through which grant funds are appropriated (the expending agency). The measure(s) will provide a standard and objective way for the State to assess the program's achievement or accomplishment. Please note that if the level of appropriation differs from the amount included in this application that the measure(s) of effectiveness will need to be updated and transmitted to the expending agency.**

The success of the program will be measured through the testing program conducted by PSI and DLNR. DLNR will create simulated test missions that will help analyze the Bladerunner 51's effectiveness in providing offshore/long range support. PSI personnel will be able to collect and analyze the data from these tests using state of the art motion sensing equipment. The results of these tests will be used to measure the effectiveness of the project. The data outputs will be organized in a final report that will be provided to the DLNR and the State of Hawaii. This project will be considered effective if the Bladerunner 51 long range enforcement craft/offshore command post improves DLNR's capabilities relative to the following metrics:

- Attainable transit speed relative to Sea State and weather conditions,
- Maximum mission duration,
- Payload capacity: Personnel, equipment, gear, and PWC launch and recovery system,
- Max attainable sprint speed,
- Motions experienced by vessel operators (as measured by PSI supplied motion sensing equipment),
- Ability to access remote locations around the State of Hawaii quickly and safely.

III. Financial

Budget

1. The applicant shall submit a budget utilizing the enclosed budget forms as applicable, to detail the cost of the request.

Please see attached completed budget forms following this section.

2. The applicant shall provide its anticipated quarterly funding requests for the fiscal year 2015.

Quarter 1	Quarter 2	Quarter 3	Quarter 4	Total Grant
\$221,926.45	\$51,258.22	\$159,449.82	\$64,230.81	\$496,865.30

3. The applicant shall provide a listing of all other sources of funding that they are seeking for fiscal year 2015.

None. No other funds are being requested for FY2014-2015.

4. The applicant shall provide a listing of all state and federal tax credits it has been granted within the prior three years. Additionally, the applicant shall provide a listing of all state and federal tax credits they have applied for or anticipate applying for pertaining to any capital project, if applicable.

None.

5. The applicant shall provide the balance of its unrestricted current assets as of December 31, 2013.

Balance of Unrestricted Current Assets as of December 31, 2013
\$3,749,000.00

BUDGET REQUEST BY SOURCE OF FUNDS
(Period: July 1, 2014 to June 30, 2015)

Applicant: Pacific Shipards International, LLC (PSI)

BUDGET CATEGORIES	Total State Funds Requested (a)	PSI Supplied Funding (b)	(c)	(d)
A. PERSONNEL COST				
1. Salaries	93,330			
2. Payroll Taxes & Assessments	110,812			
3. Fringe Benefits	45,605			
TOTAL PERSONNEL COST	249,747			
B. OTHER CURRENT EXPENSES				
1. Airfare, Inter-Island				
2. Insurance				
3. Lease/Rental of Equipment		214,400		
4. Lease/Rental of Space				
5. Staff Training				
6. Supplies				
7. Telecommunication				
8. Utilities				
9. Construction Materials/Subs	73,550			
10. Fuel	77,429			
11. Mission Supplies	56,021			
12. Travel Expenses	40,119			
13				
14				
15				
16				
17				
18				
19				
20				
TOTAL OTHER CURRENT EXPENSES	247,118	214,400		
C. EQUIPMENT PURCHASES				
D. MOTOR VEHICLE PURCHASES				
E. CAPITAL				
TOTAL (A+B+C+D+E)	496,865	214,400		
SOURCES OF FUNDING		Budget Prepared By:		
(a) Total State Funds Requested	496,865	Gene Fukushima 808-783-1105		
(b) PSI Supplied Funding	214,400	Phone		
(c)		1/21/2014		
(d)		Date		
TOTAL BUDGET	711,265	Signature of Authorized Official Gene Fukushima, Naval Architect, Chief Estimator		
		Name and Title (Please type or print)		

BUDGET JUSTIFICATION

Applicant: Pacific Shipyards International, LLC

PERSONNEL - SALARIES AND WAGES

Period: July 1, 2014 to June 30, 2015

POSITION TITLE	FULL TIME EQUIVALENT	ANNUAL SALARY A	% OF TIME ALLOCATED TO GRANT REQUEST B	TOTAL STATE FUNDS REQUESTED (A x B)
Contracts Administrator		\$60,008.00	8.85%	\$ 5,308.40
Naval Architect/Chief Estimator		\$107,099.20	26.54%	\$ 28,422.48
Paint and Fiberglass Supervisor		\$90,001.60	6.73%	\$ 6,057.80
Mechanical and Machining Supervisor		\$93,849.60	9.04%	\$ 8,482.56
Mechanic III/Shop Foreman		\$56,992.00	40.49%	\$ 23,078.63
Mechanic I/Crane Operator		\$58,156.80	1.92%	\$ 1,118.40
Mechanic II		\$53,206.40	13.46%	\$ 7,162.40
Mechanic II/Machinist II		\$58,156.80	5.77%	\$ 3,355.20
Mechanic II/Machinist II		\$58,156.80	5.77%	\$ 3,355.20
FRP/Paint Technician III		\$63,627.20	6.01%	\$ 3,823.75
FRP/Paint Technician II		\$52,665.60	6.01%	\$ 3,165.00
				\$ -
				\$ -
				\$ -
TOTAL:				93,329.82

JUSTIFICATION/COMMENTS: See next page

Budget Justification and Comments

1. Salaries and Work Distribution

The bulk of the design work required for the proposed vessel construction will be done by the Naval Architect/Chief Estimator. This employee will interface with DLNR and ensure that the design meets all of their specifications.

The mechanics and the FRP technicians will handle the vessel modifications and they will be supervised by their respective shop supervisors. The mechanics and the Naval Architect will support the simulated missions on Oahu to ensure that the vessel is operating properly, and they will also work to train the DLNR employees how to operate the vessel safely. This same crew of employees will deliver the vessel to Port Allen on Kauai, and ensure that it is moored safely and outfitted with the proper supplies to support the vessel usage phase of the project.

During the vessel usage phase, one mechanic will be stationed on Kauai for 90 days. DLNR will have access to the vessel 24 hours a day, 7-days a week during this period, and PSI's mechanic will be on call to support any missions which DLNR wishes to conduct. The funding level requested assumes a maximum of two full-day trips per week, burning a maximum of \$2,000USD of diesel fuel per trip over the 90-day vessel usage phase. The budget is shown below with respect to the different project phases.

Project Phase	Labor	Materials	Total
Design with DLNR	\$46,789.40	\$6,800.00	\$53,589.40
Vessel Modifications	\$80,587.05	\$66,750.00	\$147,337.05
Simulated Missions on Oahu	\$44,579.20	\$21,000.00	\$65,579.20
Vessel Delivery to/from Port Allen	\$14,542.08	\$14,400.00	\$28,942.08
Vessel Usage - Port Allen	\$43,009.71	\$138,168.41	\$181,178.13
Program Management	\$20,239.44	\$0.00	\$20,239.44

Total Grant
\$496,865.30

BUDGET JUSTIFICATION - EQUIPMENT AND MOTOR VEHICLES

Applicant: Pacific Shipyards International, LLC

Period: July 1, 2014 to June 30, 2015

DESCRIPTION EQUIPMENT	NO. OF ITEMS	COST PER ITEM	TOTAL COST		TOTAL BUDGETED
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
TOTAL:					
JUSTIFICATION/COMMENTS:					

DESCRIPTION OF MOTOR VEHICLE	NO. OF VEHICLES	COST PER VEHICLE	TOTAL COST	NO. OF DAYS UTILIZED	TOTAL BUDGETED
BR-51 Charter Days (PSI Supplied Asset)	1.00	\$3,500.00	\$ 3,500.00	34	117950
BR-51 Lay Days (PSI Supplied Asset)	1.00	\$1,500.00	\$ 1,500.00	64	96450
			\$ -		
TOTAL:	2		\$ 5,000.00		214,400
JUSTIFICATION/COMMENTS: All of the assets listed above are supplied and funded by PSI. See attached reference titled PSI Charter Rates.doc for cost basis. The budget assumes One Hundred Twenty-Eight survey trips equally distributed between the different boats and ships in PSI's fleet.					



Pacific Shipyards
INTERNATIONAL
PSI Charter Rates

Bladerunner 51:

Vessel Day Rate: \$3,500/day

- Includes: Vessel, crew, fuel, food for crew for day operations in local waters not exceeding 12 hours.
- Applies to days vessel is restricted from any other operations at the request of the charterer or due to handling charterer equipment (mob/demob).
- Exclusive access by charterer.
- Crew on board for support of at-sea operations if required.

Vessel Day Rate; 24 hour operations: \$5,000.00/day

- Includes: Vessel, two crews, fuel, food for crew for 24 hour operations in local waters.

Additional Days will be charged at the following rates:

- Underway Day \$3,500.00
- Any day vessel is made underway at charterer's request.
- Manned Lay Day \$2,000.00
- Any pier side day vessel is for exclusive use of charterer with crew requested on board for possible underway or support.
- Lay Day \$1,000.00
- Any pier side Business Weekday vessel is for exclusive use/access of charterer without crew. OWNER may have crew or other personnel on board for maintenance activity.

Other Services:

- Crane - lifts to 10,000# \$150.00/hr
- Crane - heavy or long reach lifts Price on request
- Trade services: \$60.00/hr
 - Welding, Electrical, Mechanical, Machining, Labor, Rigging

**BUDGET JUSTIFICATION
CAPITAL PROJECT DETAILS**

Applicant: Pacific Shipyards International, LLC

Period: July 1, 2014 to June 30, 2015

FUNDING AMOUNT REQUESTED						
TOTAL PROJECT COST	ALL SOURCES OF FUNDS RECEIVED IN PRIOR YEARS		STATE FUNDS REQUESTED	OF FUNDS REQUESTED	FUNDING REQUIRED IN SUCCEEDING YEARS	
	FY: 2012-2013	FY: 2013-2014	FY:2014-2015	FY:2014-2015	FY:2015-2016	FY:2016-2017
PLANS	0	0	0	0	0	0
LAND ACQUISITION	0	0	0	0	0	0
DESIGN	0	0	0	0	0	0
CONSTRUCTION	0	0	\$496,865.30	0	0	0
EQUIPMENT	0	0	0	0	0	0
TOTAL:	0	0	0	0	0	0
JUSTIFICATION/COMMENTS: State funds requested for 2014-2015 are per this Grants-in-Aid application.						

**DECLARATION STATEMENT OF
APPLICANTS FOR GRANTS AND SUBSIDIES PURSUANT TO
CHAPTER 42F, HAWAII REVISIED STATUTES**


The undersigned authorized representative of the applicant certifies the following:

- 1) The applicant meets and will comply with all of the following standards for the award of grants and subsidies pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is licensed or accredited, in accordance with federal, state, or county statutes, rules, or ordinances, to conduct the activities or provide the services for which a grant or subsidy is awarded;
 - b) Complies with all applicable federal and state laws prohibiting discrimination against any person on the basis of race, color, national origin, religion, creed, sex, age, sexual orientation, or disability;
 - c) Agrees not to use state funds for entertainment or lobbying activities; and
 - d) Allows the state agency to which funds for the grant or subsidy were appropriated for expenditure, legislative committees and their staff, and the auditor full access to their records, reports, files, and other related documents and information for purposes of monitoring, measuring the effectiveness, and ensuring the proper expenditure of the grant or subsidy.
- 2) The applicant meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is incorporated under the laws of the State; and
 - b) Has bylaws or policies that describe the manner in which the activities or services for which a grant or subsidy is awarded shall be conducted or provided.
- 3) If the applicant is a non-profit organization, it meets the following requirements pursuant to Section 42F-103, Hawaii Revised Statutes:
 - a) Is determined and designated to be a non-profit organization by the Internal Revenue Service; and
 - b) Has a governing board whose members have no material conflict of interest and serve without compensation.

Pursuant to Section 42F-103, Hawaii Revised Statutes, for grants or subsidies used for the acquisition of land, when the organization discontinues the activities or services on the land acquired for which the grant or subsidy was awarded and disposes of the land in fee simple or by lease, the organization shall negotiate with the expending agency for a lump sum or installment repayment to the State of the amount of the grant or subsidy used for the acquisition of the land.

Further, the undersigned authorized representative certifies that this statement is true and correct to the best of the applicant's knowledge.

Pacific Shipyards International, LLC
(Typed Name of Individual or Organization)

 (Signature) 1/29/2014 (Date)

Gene Fukushima (Typed Name) Naval Architect/Chief Estimator (Title)

IV. Experience and Capability

A. Necessary Skills and Experience

The applicant shall demonstrate that it has the necessary skills, abilities, knowledge of, and experience relating to the request. State your experience and appropriateness for providing the service proposed in this application. The applicant shall also provide a listing of verifiable experience of related projects or contracts for the most recent three years that are pertinent to the request.

PSI has over 30 years of experience in the maintenance, repair and preservation of US Navy, USCG, Military Sealift Command, NOAA and Commercial vessels in Hawaii. PSI has completed numerous vessel repair and construction projects for commercial customers, however, the vast majority of its efforts and resources have been committed to the United States Navy, its ships and support organizations, including Pearl Harbor. PSI's long standing relationship with the US Navy has given it the knowledge and skills necessary to complete the proposed Bladerunner 51 long range enforcement craft/offshore command post project. Below is a summary of skills that will be applied to this proposed project:

- Initial Planning and Coordination: PSI is very proficient in the process of availability planning from ship check to award of work, through procurement of long lead time materials, participation in coordination, work integration and pre-arrival conferences, development and timely submission of task group instructions (TGIs) and process control procedures (PCPs), providing required documentation to establish the necessary environmental and security clearances and the scheduling and allocation of resources to accomplish the work.
- Adjusting to Changing Workloads and Multi-Tasking: PSI has an existing labor pool of approximately 200 skilled maintenance and support personnel experienced in performing shipboard repairs in multiple locations. Our experience in managing changing workload requirements and changes to the scope or schedule of individual projects, gained from past and current contracts, enables us to staff efficiently, support flexibility of schedule and provide necessary documentation of changes to labor and material estimates in a timely manner.

In addition to our in-house assets, PSI has the advantage of being able to draw upon the skilled ship repair personnel of our affiliates (Navatek, Unitek and Ship Maintenance LLC) for short term, surge requirements.

- Risk Management and Mitigation: There is in every project the risk that all will not go according to plan. Material shipments can be delayed. Ship schedules can change. Critical workers can become ill. The Company is well positioned to anticipate and manage these risks without "planning for failure".

PSI has sufficient manpower resources with the requisite skills to accommodate emergent personnel issues. We use a variety of suppliers, vendors and transport companies to reduce reliance on any one company and provide maximum flexibility in the event of material issues. PSI is also an authorized distributor for International Paints which gives us greater latitude in providing coating materials.

As work proceeds, PSI tracks man hour and material expenditures daily using state of the art accounting and analysis software. This provides our managers and supervisors with the tools they need to complete all projects on time and within budget.

- Quality Systems Management: The Company has, and uses, an up-to-date, Government-approved Quality Assurance Manual that provides guidelines for conducting major evolutions.
- Safety, Health and Environmental Programs: The Company's long standing association with Pearl Harbor Naval Shipyard and IMF, and specifically the EH&S Department (Code 106), has given us a greater understanding of its goals. It has also provided us with an intimate knowledge of the processes and procedures that the shipyard uses to ensure full compliance with all standards and regulations. PSI fully supports and participates in Pearl Harbors' "Voluntary Protection Program" (VPP) partnership with OSHA.

The safety and health of personnel, private or government, are of paramount importance in every operation we undertake. For that reason, we incorporate policies to implement safe practices, above and beyond the minimum requirements, in every aspect of our operations. Protection of the natural environment is treated with the same significance.

An extensive program is also in place at PSI to ensure that personnel are fully indoctrinated in the requirements of these programs and are trained in related topics such as hazard communication, ergonomics, hazardous waste management, heat stress, PPE and others.

PSI has personnel assigned to provide enforcement, oversight and training for Environmental, Health and Safety programs as their sole function.

Previous Projects with Relevant Experience: PSI has completed many repair and maintenance projects for different clients. The projects summarized below were selected based on their relevance to the proposed project.

a. Caisson Drydock:

- i. Description: PSI was tasked with repair and preservation of Dry-dock Caisson #4. PSI utilized multiple sub-contractors during the performance of this work specification. The initial job specification was to preserve and repair the interior of the Caisson. Additional work added included exterior preservation and added

weld repairs. PSI maintained two ten hour shifts manned with the addition of supervisory, quality assurance, competent person, environmental and safety personnel. In addition to managing PSI personnel, PSI also managed sub-contractors which included Marisco, Pacific Tank Cleaners, Leeward Marine, Arise-Waco Scaffolding, Inspec Testing and H S I Electric. This job specification consisted of twelve different line items. To mitigate any problems during the job process, PSI conducted approximately 200 hours of training and held approximately 350 hours of pre-planning meetings prior to the contract start date. Minimal problems were encountered due to this training and planning period. Due to the scope of the job, PSI provided two 1600 CFM compressors, two plural component pumps, two dust collectors, one vac loader, four dehumidifiers, two diesel generators, forklifts and multiple weld machines. PSI maintained all of this equipment on site eliminating the need for any PHNSY equipment. PSI conducted all crane lifts also eliminating the need for PHNSY crane services. During the contract period, PSI provided PHNSY with 200 bags of abrasive blast media. PSI planned its work schedule accordingly to adjust for this transfer of sand blast material while still meeting the contract completion date.

ii. Contract Value: \$4,746,976.16

b. USS Hopper:

- i. Description: PSI was tasked with three total items in this availability, the preservation of the louver assemblies, bolted equipment removal plate repair and preservation and replacement of NOMEX decking. The last two items were growth work above the initial tasking. Upon inspection, it was found that 18 of the 47 louvers assemblies were preserved with a powder coat system. This required PSI to use high heat removal to access the substrate for preservation. Additionally, PSI was tasked with replacing welded grounding straps. All straps required relocation after completion and installation of the louver assemblies allowing minimal time for job performance. PSI assigned four welding teams to accomplish this task by the contract completion date.

Bolted removal plate repair consisted of clad welding of the pitted areas on the bolting ring. Upon inspection it was determined that the extent of the damage to the ring would require plug welding and tapping of approximately 50% of the existing bolt holes. PSI completed this item to specification and on time.

Nomex decking repair and replacement requires specially trained personnel which PSI maintains in its mechanics department. Due to other sub-contractor work, the job to template and replace the NOMEX decking was completed on three separate occasions with PSI being called back to modify decking as required. Because of the extent of the modifications, PSI was required to plan, target and install new bracketing supports for the NOMEX decking in CSER 1, 2, 3 and CIC.

ii. Contract Value: \$736,843.83

c. Nui Nui Tug:

- i. Description: PSI conducted an extensive overhaul of the Tug NUI NUI over a period of approximately six months. The project included removal and replacement of major structural components due to corrosion as well as piping systems, sanitary system, sea valves repair and shipboard electrical work.

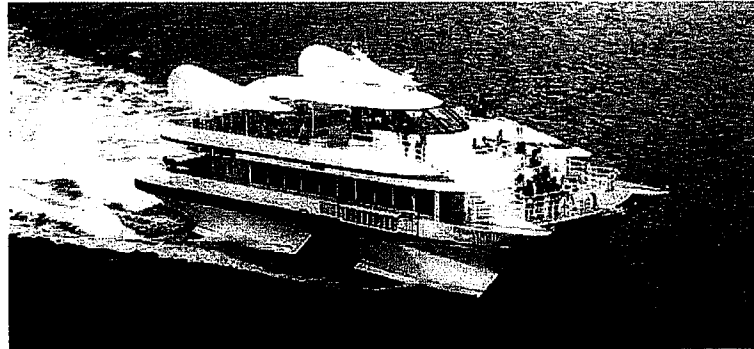
The extent of corrosion in the hull area, particularly around the shaft, required PSI to develop alternate methods and equipment to support the ship in dry dock above the struts. This design, developed by PSI personnel was manufactured and deployed with great success.

- ii. Contract Value: \$3,080,109.53

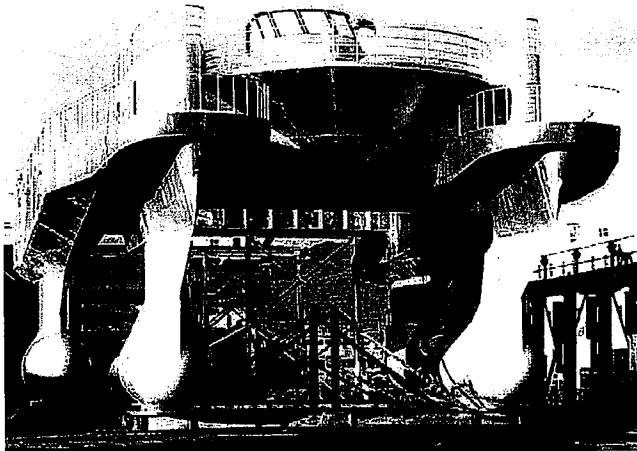
d. Specialty Marine Construction:

- i. PSI has also constructed several unique, high tech marine vessels and platforms in association with Navatek Ltd. The following are a list of some of the custom construction projects that directly relate to the Bladerunner 51 modification:

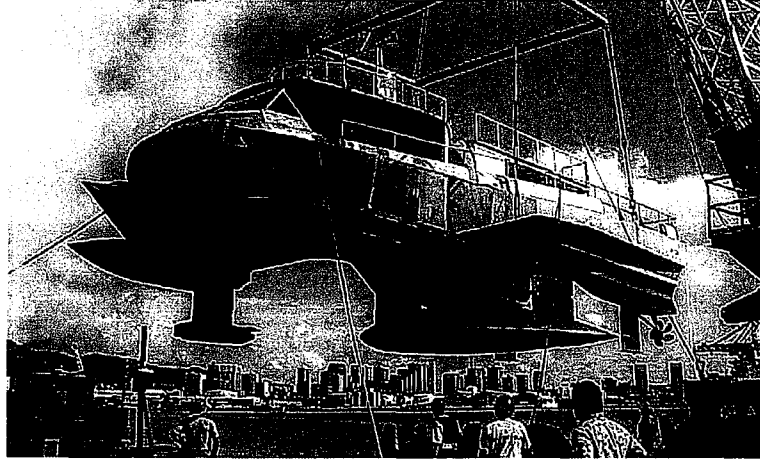
1. Navatek II: designed by Navatek Ltd, commercial SWATH vessel.



2. SLICE: designed by Lockheed-Martin, a high speed SWATH vessel.



3. MIDFOIL: designed by Navatek Ltd, an experimental Hybrid SWATH vessel.



B. Facilities

The applicant shall provide a description of its facilities and demonstrate its adequacy in relation to the request. If facilities are not presently available, describe plans to secure facilities. The applicant shall also describe how the facilities meet ADA requirements, as applicable.

PSI operates out of facilities in Honolulu Harbor, Pier 41, with access to 1,500 feet of outfitting piers on the waterfront. PSI has a full service repair and construction facility including the following capabilities and equipment:

- Two floating dry docks of 2,000LT and 6,000LT capacities.
- A 16,200 ft² Welding and Fabrication shop staffed by ABS, NAVSEA, ASME and Coast Guard certified welders qualified for a wide variety of alloys including aluminum, stainless steel, copper-nickel and high tensile as well as ABS / NAVSEA certified wire feed welding.
- A 12,000 ft² Machine shop equipped to repair and service marine engines, pumps, boilers, compressors, heat exchangers, shafts (lathes up to 44' and 56" swing diameter), turbines and valve rebuilding / testing.
- A 6,000 ft² fully outfitted pipe fabrication and repair shop.
- Painting and preservation facilities include state of the art robotic hydro blasting and portable water jetting / hydro blasting equipment (with the highest operating pressures available in the state at 55,000 PSI); PSI owned surface preparation equipment supports both sand and bead blasting. A partial list of this equipment is provided below.

Equipment	Description
Dust Collector	10,000 CFM Electric
Dust Collector	12,000 CFM Electric / Diesel
Electric Generator	Power Guard Genset 480v, 60hz, 107KW
Electric Generator	Power Guard Genset 240v, 60hz, 350 KW
Electric Generator	Kohler 240v.60hz, 81 amps
Air Compressor	Sullair, 900 CFM @ 150 psig
Air Compressor	Sullair, 900 CFM @ 150 psig
Air Compressor (instrument quality)	Quincy 1000CFM, 150PSI with aftercoolers, 4 units
Blast Pot	28 Ton / wt#4,500 lbs empty, 8 man
Blast Pot	28 Ton / wt#4,500 lbs empty, 8 man
Blast Pot	4 Ton pot, four units on hand, 2 man
Plural Component Units	GRACO Plural Component Coatings Applicators, 2 units
Airless Spray Pumps	Graco Airless Spray Pumps, 6 units on hand
Cartridge	Cartridge Coating Application equipment
Pressure Washers	5,000 PSI / 5/8" 4 units on hand
Pressure Washers	6,000 PSI/ 5/8" 6 units on hand
Hydroblast	Husky 55000 psi pumps, 2 units
Hydroblast	Husky Hydrocat
Dehumidification	2 dual exhaust (12") DH units

- PSI has NACE certified and NBPI qualified inspectors on staff. The Company's employees include fully certified SSPC C-7 abrasive blasters and SSPC C-14 Plural Component operators and sprayers.
- Rigging and Crane services include portable cranes (up to 50 tons), port-a-power jacks (up to 100 tons), man lifts, lift baskets, forklifts and dynamometer testing. All crane and rigging personnel are fully qualified and certified.
- Mobile capabilities include a number of on-site repair vehicles and portable equipment to conduct mechanical and piping repair, surface preparation and coatings application, shipboard joinery, fabrication and welding, as well as crane and rigging services.

V. Personnel: Project Organization and Staffing

A. Proposed Staffing, Staff Qualifications, Supervision and Training

The applicant shall describe the proposed staffing pattern and proposed service capacity appropriate for the viability of the request. The applicant shall provide the qualifications and experience of personnel for the request and shall describe its ability to supervise, train and provide administrative direction relative to the request.

The staffing will be allocated over the term of the project consistent with the scope of work and the tasks. During step 1, the design phase, management, technical and program staff will work collaboratively to design a suitable arrangement for the Bladerunner 51. Step 2, the modification phase, will be completed by engineers and fabrication staff. Management will closely monitor this step to ensure that all modifications are done correctly. In step 3, DLNR officers and PSI technical staff will complete the simulated test missions to ensure the vessel performs properly. In step 4, after modifications are complete, DLNR officers and a PSI technical supervisor will be stationed with the vessel at an outer island command post. PSI management staff will oversee the program management of the project and support all phases of task activity.

Please see the following section which details the staff experience and qualification.

PSI's performance in the marine industry on a wide range of projects has given us a breadth of experience and capability in ship repair that no other company in Hawaii can claim. In summary, we believe the combination of management and personnel knowledge, skills, and experience, guided by PSI's customer-oriented approach to performing work, presents an unbeatable combination. The State incurs absolutely no risk with an award to PSI. An award to PSI is in the best interest of the State, and will result in the most value for the people of Hawaii.

B. Organization Chart

The applicant shall illustrate the position of each staff and line of responsibility/supervision. If the request is part of a large, multi-purpose organization, include an organizational chart that illustrates the placement of this request.

Please see attached organization chart following this section.



Staff Experience and Qualification

Gene Fukushima

Planning and Estimating

As the Manager of Business and Development for Pacific Shipyards International, Gene is responsible for the planning of future work, proposal writing and estimating for work including, USCG, Navy and commercial projects. Building and strengthening of relationships with customers was also a critical role in this position.

Experience:

- 2011 to present: Manager Business and Development, PSI
- 2006 – 2011: Program Manager, PSI
- 1998 – 2006: Naval Architect, Project Manager, Navatek Ltd.

Kevin Smith

Preservation Superintendent

Experience:

- 2011 to present: Paint Department Superintendent and Project Manager for PSI.
- 2006 – 2011: General Manager, Dock Master and Paint Superintendent, EMS Marin CO. (Anacortes, WA).
- 1982 – 2004: Dock Master and Blast/Paint Superintendent, Marco Shipyard (Seattle, WA).

Education and training:

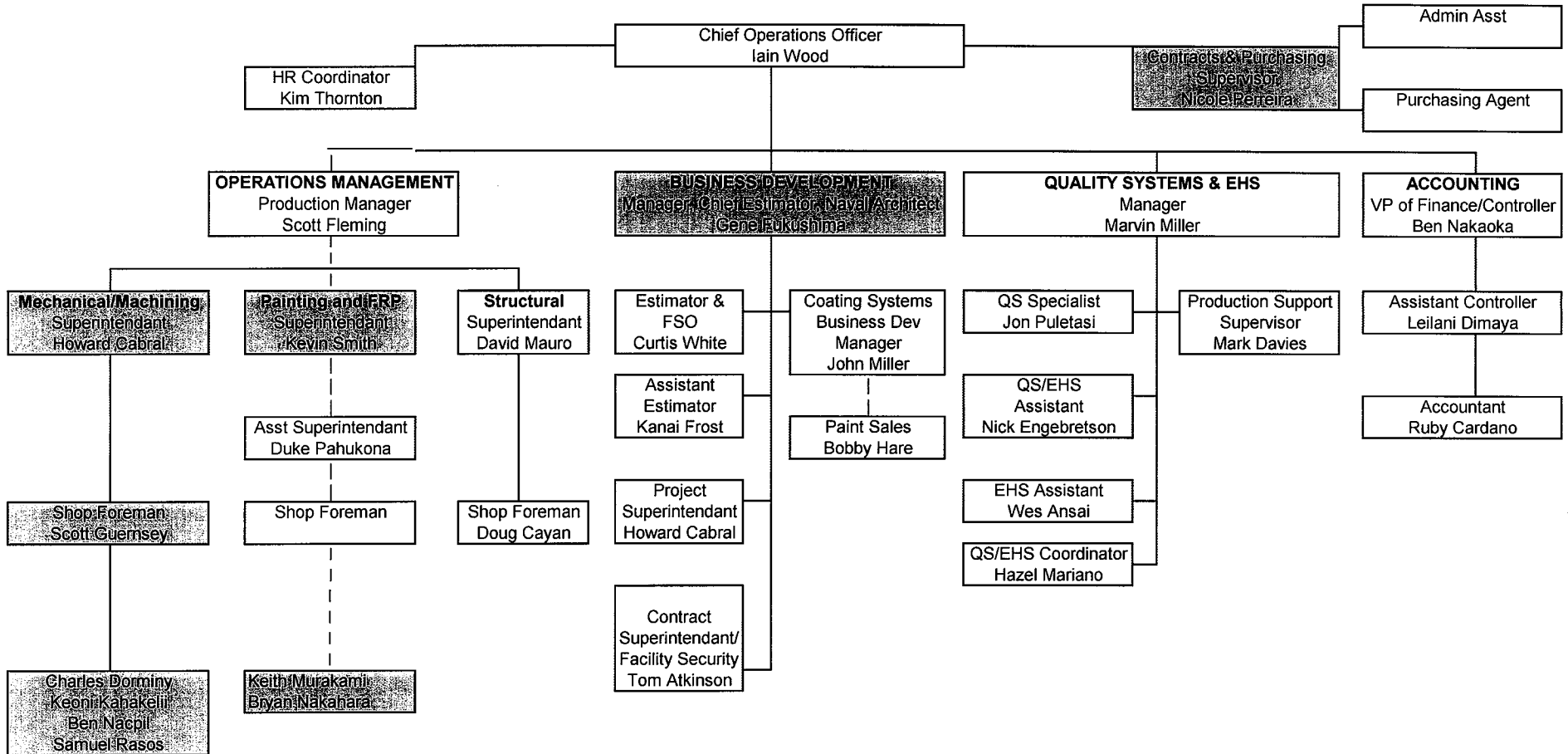
- Graduate, Alameda High School (Alameda, CA)
- Graduate, Childs Engineering School, (Boston, MA)
- Hazardous Materials Certificate
- Crane Management Certificate
- OSHA 10 Certification

Nicole Yanagawa

Contracts/Purchasing Supervisor

An expert in contracts and purchasing administration, Ms. Yanagawa has been with the Company for six years as contracts/purchasing supervisor. Her responsibilities have included production of work orders, generation of sub-contractor contracts and providing all required documentation pertinent to the contract execution.

PACIFIC SHIPYARDS INTERNATIONAL ORGANIZATION CHART



Notes: All employees highlighted in gray will play a role in the proposed Bladerunner 51 long range enforcement craft/offshore command post pilot program. See page 5 of the financial section in the grant application for time allocation details for each employee. All of the other employees listed are available resources for Pacific Shipyards International, but they are not scheduled to assist with this project.

C. Compensation

The applicant shall provide the annual salaries paid by the applicant to the three highest paid officers, directors, or employees of the organization by position.

Highest Paid Personnel	Annual Salary
Naval Architect/Chief Estimator	\$107,099.20
Mechanical and Machining Supervisor	\$93,849.60
Paint and Fiberglass Supervisor	\$90,001.60

VI. Other

A. Litigation

The applicant shall disclose any pending litigation to which they are a party, including the disclosure of any outstanding judgement. If applicable, please explain.

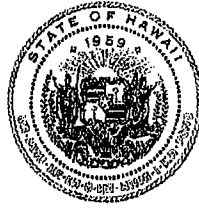
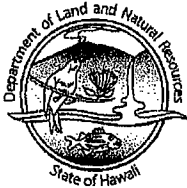
There is no litigation pending with PSI.

B. Licensure or Accreditation

The applicant shall specify any special qualifications, including but not limited to licensure or accreditation that applicant possesses relevant to this request.

Not Applicable.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

January 06, 2014

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AGRICULTURE RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING

FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

TO: Hawaii State Legislators

FROM: William J. Aila, Jr., Chairperson *W. Aila*
Board of Land and Natural Resources

SUBJECT: DLNR support of Pacific Shipyards International's Long Range Enforcement Craft / Off-Shore Command Post Pilot Program

The Department of Land and Natural Resources (DLNR) supports Pacific Shipyards International's (PSI) long range enforcement craft pilot /Off-Shore Command Post program, and supports PSI's work to configure the Bladerunner 51' as an all island enforcement vessel for the Department's Division of Conservation and Resources Enforcement (DOCARE). This program is essential to monitor the growing conflicts between the residents, recreational, as well as commercial fisherman, and other ocean users on the coastal waters regulated by the State of Hawaii. The Bladerunner 51 will allow DOCARE quick and safe access to all areas around Oahu and the neighbor islands with sufficient equipment and staff support to mediate these growing disputes and enforce Hawaii's current laws, rules, and regulations. This project is necessary to create an off-shore "Command" presence that prevents these ongoing conflicts from escalating by allowing senior command staff of DLNR/DOCARE to be present on-scene in real time events. DLNR's presence on these remote neighbor islands will help mitigate disputes and support the well-being and safety of the people of Hawaii.

The DLNR/DOCARE would like to create a partnership with Pacific Shipyards International's that helps support the people and environment of Hawaii. This pilot program will help combine PSI's knowledge, equipment and resources with DLNR/DOCARE's guidance, State support, and experience to help protect Hawaii's people and preserve the well-being and use of its natural resources. This will be an excellent example of public-private partnership. PSI will be responsible for designing, modifying, and maintaining the vessel to support DLNR's needs. DOCARE will handle all vessel operations for this boat. We request that funding be provided to cover all of the construction, operation and maintenance costs associated with the vessel.

Strategic Goals:

- **Intervention:** Create a Law Enforcement presence along any coast of Hawaiian Islands.
- **Access:** Transport equipment and staff personnel quickly and safely to any island coast or off-shore waters.

Please consider the DLNR a supporting partner to Pacific Shipyards International's long range enforcement craft / off-shore command post pilot program. We look forward to working together on responding to these events and are hopeful that it gains the attention and resources necessary to grow.